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FAIRVIEW TREATMENT CENTER
ST. MARY PARISH
STATE OF LOUISIANA

Annual Component Unit Financial Statements
with Independent Auditors' Report

and

Auditors' Report on Entity's Internal Control and
Compliance with Laws and Regulations

and

Independent Auditors' Report on Compliance with
Requirements Applicable to Each Major Program
and Internal Control Over Compliance in
Accordance with **OMB**

For the Year Ended June 30, 2000

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. This report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-10-01

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FINANCIAL INFORMATION SECTION

ADAMS & JOHNSON

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MEMBERS:

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CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Fairview Treatment Center
St. Mary Parish, Louisiana
1101 Southeast Blvd.
Morgan City, LA 70380

We have audited the accompanying financial statements of Fairview Treatment Center, a component unit of St. Mary Parish Council, State of Louisiana, as of and for the year ended June 30, 2000. These financial statements are the responsibility of Fairview Treatment Center's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the provisions of Office of Management and Budget Circular A-133. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fairview Treatment Center as of June 30, 2000 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 4, 2000 on our consideration of Fairview Treatment Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the accompanying financial statements of Fairview Treatment Center, taken as a whole. The accompanying schedule of expenditures of federal awards and insurance in force is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133 , Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the accompanying financial statements. Such information, except for that portion marked "unaudited" has been subjected to the auditing procedures applied in the audit of the accompanying financial statements and in our opinion is fairly stated, in all material respects, in relation to the accompanying financial statements taken as a whole.

Adams & Johnson

ADAMS & JOHNSON
Certified Public Accountants

Patterson, LA
December 4, 2000

FAIRVIEW TREATMENT CENTER
ST. MARY PARISH, LOUISIANA

Combined Balance Sheet-All Fund Types and Account Groups
June 30, 2000

	Governmental			
	<u>Fund Type</u>		<u>Account Groups</u>	
	General <u>Fund</u>	General <u>Fixed Assets</u>	General Long-term <u>Debt</u>	Total Memorandum <u>Only</u>
<u>ASSETS</u>				
Cash	\$250	\$0	\$0	\$250
Accounts Receivable (net of allowance for uncollectible accounts of \$70,501)	70,122	0	0	70,122
Due from State of Louisiana	141,019	0	0	141,019
Due from St. Mary Parish Council	56,959	0	0	56,959
Leasehold Improvements	0	87,814	0	87,814
Vehicles	0	111,558	0	111,558
Furniture & Equipment	0	319,518	0	319,518
Amount to be provided for compensated absences	0	0	16,217	16,217
Total Assets	<u>\$268,350</u>	<u>\$518,890</u>	<u>\$16,217</u>	<u>\$803,457</u>
<u>LIABILITIES, EQUITY AND OTHER CREDITS</u>				
Liabilities				
Compensated Absences, Current	\$21,395	\$0	\$0	\$21,395
Compensated Absences, Non-current	0	0	16,217	16,217
Total Liabilities	<u>\$21,395</u>	<u>\$0</u>	<u>\$16,217</u>	<u>\$37,612</u>
Equity and Other Credits:				
Investment in General Fixed Assets	0	518,890	0	518,890
Fund Balance				
Unreserved, Undesignated	246,955	0	0	246,955
Total Equity and Other Credits	<u>246,955</u>	<u>518,890</u>	<u>0</u>	<u>765,845</u>
Total Liabilities, Equity and Other Credits	<u>\$268,350</u>	<u>\$518,890</u>	<u>\$16,217</u>	<u>\$803,457</u>

The accompanying notes are an integral part of these financial statements.

FAIRVIEW TREATMENT CENTER
ST. MARY PARISH, LOUISIANA

General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended
June 30, 2000

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Revenues			
Federal Grant	\$1,830,568	\$1,827,916	(\$2,652)
Patient Fees	71,000	77,680	6,680
Other Revenue	0	1,263	1,263
Total Revenues	\$1,901,568	\$1,906,859	\$5,291
Expenditures			
Health and Welfare			
Personal Services	\$1,033,977	\$1,003,128	\$30,849
Employee Benefits	229,728	229,934	(206)
Travel	10,000	8,223	1,777
Operating Services	228,450	279,896	(51,446)
Supplies	103,000	93,425	9,575
Professional Services	246,413	277,311	(30,898)
Capital Outlays	50,000	12,665	37,335
Total Expenditures	\$1,901,568	\$1,904,582	(3,014)
Excess Revenues over Expenditures	\$0	\$2,277	2,277
Fund Balance at Beginning of Year	244,678	244,678	0
Fund Balance at End of Year	\$244,678	\$246,955	2,277

The accompanying notes are an integral part of these financial statements.

FAIRVIEW TREATMENT CENTER
ST. MARY PARISH, LOUISIANA

General Fund
Statement of Revenues, Expenditures, and Changes
In Fund Balance
by
Departments
For the Year Ended
June 30, 2000

	Fairview Treatment <u>Inpatient</u>	Fairview Treatment <u>Outpatient</u>	<u>Total</u>
Revenues			
Federal Grant	\$1,551,250	\$276,666	\$1,827,916
Patient Fees	43,805	33,875	77,680
Other Revenue	1,263	0	1,263
	<hr/>		
Total Revenues	\$1,596,318	\$310,541	\$1,906,859
Expenditures			
Health and Welfare			
Personal Services	\$793,740	\$209,388	\$1,003,128
Employee Benefits	184,719	45,215	229,934
Travel	5,705	2,518	8,223
Operating Services	252,024	27,872	279,896
Supplies	81,955	11,470	93,425
Professional Services	264,440	12,871	277,311
Capital Outlays	9,713	2,952	12,665
	<hr/>		
Total Expenditures	\$1,592,296	\$312,286	\$1,904,582
Excess Revenues over Expenditures	\$4,022	(\$1,745)	\$2,277
Fund Balance at Beginning of Year	177,649	67,029	244,678
	<hr/>		
Fund Balance at End of Year	\$181,671	\$65,284	\$246,955
	<hr/>		

The accompanying notes are an integral part of these financial statements.

FAIRVIEW TREATMENT CENTER
ST. MARY PARISH, LOUISIANA
Notes to the Financial Statements
June 30, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In October of 1989, the St. Mary Parish Council passed a resolution agreeing to participate in the operation of an alcohol and drug abuse, inpatient treatment facility for the residents of Louisiana. The operations began on November 1989 when they entered into an agreement with the State of Louisiana, Department of Health and Hospitals to operate the Fairview Treatment Center. The treatment center also expanded its services to include an outpatient drug treatment center. These patients were referred to Fairview Treatment Center by the St. Mary Parish Drug Court.

The financial statements of the Fairview Treatment Center have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Fairview Treatment Center's accounting policies are described below.

A) REPORTING ENTITY

GASB Statement No. 14, Governmental Reporting Entity, established criteria for determining which organizations should be included in a governmental financial reporting entity. The focal point for defining the financial reporting entity is the primary government. The Fairview Treatment Center is a component unit of the St. Mary Parish Council (primary government) and, as such, these financial reports may be included in the CAFR of the Council for the year ended December 31, 2000. The Fairview Treatment Center has followed GASB-14 guidance to determine that there are no financial statements of other organizations that should be combined with its statements to form a financial reporting entity. These financial statements include only the operations of the Fairview Treatment Center.

B) FUND ACCOUNTING

The accounts of the Fairview Treatment Center are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

The Fairview Treatment Center's current operations require only the use of one fund, the general fund, and two account groups, the general fixed assets account and the general long-term debt account.

Governmental Fund

General Fund - The General Fund (Special Revenue Fund at the Parish oversight level) is the primary operating fund of the Fairview Treatment Center, since at the current time no other funds are required.

Governmental Account Groups

General Fixed Assets - Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, and are recorded as expenditures in the governmental fund types when purchased. No depreciation has been provided on general fixed assets.

All fixed assets can be stated at historical cost or estimated historical cost if actual historical cost is not available. All fixed assets presented on the balance sheet as of June 30, 2000 are reflected at historical cost. Repairs and maintenance are recorded as expenditures; renewals and betterments are capitalized.

General Long-Term Debt Account Group

This account group is established to account for all of Fairview Treatment Center's long-term debt and governmental fund compensated absences that will be financed from their governmental resources.

C) BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Gross receipts are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. All major revenues are susceptible to accrual.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Fairview Treatment Center's major source of revenue is an operating grant which is recorded as revenue when the related grant requirements are met.

Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred.

D) BUDGET

The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted each year for the General Fund. Budgeted amounts are presented as originally adopted or as amended.

E) ENCUMBRANCE ACCOUNTING

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipts of material or service. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are reappropriated in the next year. No encumbrances were outstanding at year-end.

F) COMPENSATED ABSENCES

Employees earn vacation and sick leave annually at varying rates depending upon length of service. These compensated absences are allowed to accumulate from period to period if not used. The maximum amount of vacation days that can be carried over is 10 work days and must be taken by the employee within 45 days. Sick leave shall be accrued at the rate of one day per month up to 12 days per year. An employee cannot accrue more than 120 days of sick leave.

Upon termination an employee is compensated for accumulated vacation time; but, employees are not compensated for sick time unless termination is due to normal retirement. Normal retirement is when the employee meets the required qualifications to retire from the Parochial Retirement System.

An accrual is made for the amount of compensation the employees will receive in the future based upon services performed in the current year for vacation time not used. An accrual is also made for the accumulated sick time estimated to be paid to employees at retirement. The portion of this accumulated sick pay estimated to be paid to employees retiring within the next year are recorded as a current liability. In accordance with GASB No. 16, the remaining portion of the accumulated sick pay, totaling approximately \$16,217 projected to be paid in later years is recorded in the General Long-Term Debt Account Group.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G) MEMORANDUM ONLY - TOTAL COLUMNS

The total column on the balance sheet is captioned Memorandum Only to indicate it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to consolidation.

NOTE 2 - DUE FROM STATE OF LOUISIANA

Fairview Treatment Center has two grants, a cost reimbursement grant and a per diem grant based on a fee of \$85 per day per patient bed occupied limited to 50 beds per day. The Fairview Treatment Center incurred expenditures for the program in June totaling \$89,429 which are due from the State according to the cost reimbursement grant agreement and \$51,590 on the per diem grant totaling \$141,019, which had not been reimbursed as of June 30, 2000.

NOTE 3 - DUE FROM THE ST. MARY PARISH COUNCIL

The St. Mary Parish Council deposits all receipts and disburses all of Fairview Treatment Center's expenses out of the Parish Council's checking account. The amount due from the Parish Council is a result of the excess of Fairview Treatment Center's deposits over disbursements by \$56,959.

NOTE 4 - FIXED ASSETS

A summary of changes in general fixed assets for the period ended June 30, 2000, follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Leasehold Improvements	\$ 87,814	\$ ----	\$ ----	\$ 87,814
Vehicles	147,886	----	36,329	111,557
Furniture & Equipment	<u>306,854</u>	<u>12,665</u>	<u> </u>	<u>319,519</u>
Total	<u>\$ 542,554</u>	<u>\$ 12,665</u>	<u>\$36,329</u>	<u>\$518,890</u>

NOTE 5 - PENSION PLAN

All full-time employees of the Fairview Treatment Center are members of the Parochial Employees Retirement Systems of Louisiana, a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The System is composed of two distinct plans. Plan A and Plan B, with separate assets and benefit provisions. All employees of Fairview Treatment Center are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from Fairview Treatment Center funds are eligible to participate in the System. Under Plan A, employees who retire at or after 60 with at least 10 years of creditable service, at or after 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 per cent of their final average salary for each year of creditable service. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average.

Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employee's Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619 or by calling (225) 928-1361.

Covered employees are required by the State Legislature to contribute 9.5% of their gross salary to the plan. The Fairview Treatment Center was required by the same statute to contribute 7.75% in 2000 and 1999 of each employee's gross salary to the plan. The contribution requirements of plan members and Fairview Treatment Center are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the fiscal year. The Fairview Treatment Center's contributions to the System was \$75,075 for the year ended June 30, 2000.

NOTE 6 - RELATED PARTIES

The Fairview Treatment Center's operations are housed in a building owned by St. Mary Parish Hospital Service District No. 3 and this District is a component unit of the St. Mary Parish Council as is the Fairview Treatment Center, therefore, all three are related parties. The Fairview Treatment Center paid the district rent of \$109,277 for the year end June 30, 2000. This rental agreement is year-to-year on an annual basis, unless either party gives written notice to the other party of its intent not to renew beyond the then current annual term. Such notice shall be in writing. This agreement shall be subject to termination if the council shall cease to operate the Fairview Treatment Center or if the funds to continue its operations are not provided by the State of Louisiana.

The St. Mary Parish Council also provided accounting services for a monthly fee of \$1,666 or \$20,000 for the year ended June 30, 2000. Also as described in Note 3, the St. Mary Parish Council owes Fairview Treatment Center for the excess of deposits over the disbursements in the council's checking account made for the benefit of the Fairview Treatment Center in the amount of \$56,959.

NOTE 7 - ECONOMIC DEPENDENCE

Fairview Treatment Center currently receives 95% of its operating revenue through its federal grant. With the loss of this revenue, which is a year-to-year grant allocation, Fairview Treatment Center would not exist.

SCHEDULES, INTERNAL CONTROL
AND COMPLIANCE SECTION

FAIRVIEW TREATMENT CENTER
ST. MARY PARISH LOUISIANA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2000

FEDERAL GRANTOR/ PASS THROUGH GRANTOR NAME/ PROGRAM TITLE	CFDA NUMBER	REVENUE RECOGNIZED	EXPENDITURES
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U.S. Department of Health and Human
Services

Public Health Service
Louisiana Department of
Health and Hospitals
Office of Human Services
Divisions of Alcohol and
Drug Abuse

Alcohol and Drug Abuse
and Mental Health
Services Block Grant
(ADMS Block Grant)

13.992	\$ 1,827,916	\$ 1,827,916
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Note 1: The schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

Note 2: Fairview Treatment Center has two grants, a cost reimbursement grant and a per diem grant based on a fee of \$85 per day per patient bed occupied limited to 50 beds per day. The purpose of this grant is to provide long-term residential and short term outpatient substance abuse treatment.

FAIRVIEW TREATMENT CENTER
ST. MARY PARISH, LOUISIANA

Schedule of Insurance in Force
For the Year Ended June 30, 2000

(Unaudited)

<u>Insurer</u>	<u>Type of Insurance</u>	<u>Coverage</u>	<u>Expiration</u>
LWCC	Workers' Compensation		
	By Each Accident	\$ 100,000	09-01-00
	By Disease Policy Limit	\$ 500,000	
	By Disease Each Employee	\$ 100,000	
Clarendon Ins.	Vehicles		
	General Aggregate	\$1,000,000	12-13-00
	Each Occurrence	1,000,000	
	Deductible	500	
Essex Ins.	General Liability		
	General Aggregate	\$1,000,000	09-01-00
	Each Occurrence	1,000,000	
	Fire	50,000	
Allstate Ins.	Property		
	Contents	\$ 146,500	12-18-00
	Deductible	500	
	Co-insurance 80%		

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Fairview Treatment Center
St. Mary Parish, Louisiana
1101 Southeast Blvd.
Morgan City, LA 70380

We have audited the financial statements of Fairview Treatment Center, a component unit of the St. Mary Parish Council, State of Louisiana, as of and for the year ended June 30, 2000, and have issued our report thereon dated December 4, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of Fairview Treatment Center, a component unit of the St. Mary Parish Council, are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Fairview Treatment Center's, a component unit of the St. Mary Parish Council, internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in

relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Fairview Treatment Center, the Legislative Auditor of the State of Louisiana, the finance committee of the St. Mary Parish Council, management and the federal awarding agencies. This restriction is not intended to limit the distribution of this report which, upon acceptance by Fairview Treatment Center is a matter of public record.

A handwritten signature in cursive script that reads "Adams & Johnson".

ADAMS & JOHNSON
Certified Public Accountants

Patterson, LA
December 4, 2000

ADAMS & JOHNSON

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH *OMB CIRCULAR A-133*

Fairview Treatment Center
St. Mary Parish, Louisiana
1101 Southeast Blvd.
Morgan City, LA 70380

Compliance

We have audited the compliance of Fairview Treatment Center, a component unit of St. Mary Parish Council, State of Louisiana, with the types of compliance requirements described in the *U.S. Office of Management (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2000. Fairview Treatment Center's major federal programs are identified in the accompanying schedule of expenditures of Federal Awards. Compliance with requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Fairview Treatment Center's management. Our responsibility is to express an opinion on Fairview Treatment Center's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major program occurred. An audit includes examining, on a test basis, evidence about Fairview Treatments Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Fairview Treatment Center's compliance with those requirements.

In our opinion, Fairview Treatment Center complied, in all material respects, with requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2000. The results of our auditing procedures did not disclose any instances of noncompliance with those requirements that are required to be reported in accordance with *OMB Circular A-133* in a schedule of findings and questioned costs if any existed.

Internal Control Over Compliance

The management of Fairview Treatment Center is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Fairview Treatment Center's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133* .

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the Fairview Treatment Center, the Legislative Auditor of the State of Louisiana, the finance committee of the St. Mary Parish Council, management and the federal awarding agencies. This restriction is not intended to limit the distribution of this report which, upon acceptance by Fairview Treatment Center is a matter of public record.



ADAMS & JOHNSON
Certified Public Accountants

Patterson, LA
December 4, 2000